

Senior Living Trust Fund Appropriations Bill House File 740

Last Action:

**House Appropriations
Committee**

April 26, 2001

AN ACT relating to the Senior Living Program including provisions relating to and making appropriations from the Senior Living Trust Fund to the Department of Elder Affairs and the Department of Human Services, and including effective date and retroactive applicability provisions.



Document On Line

LEGISLATIVE FISCAL BUREAU

NOTES ON BILLS AND AMENDMENTS (NOBA)

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**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 740
SENIOR LIVING TRUST FUND APPROPRIATIONS**

FUNDING SUMMARY

DEPARTMENT OF ELDER AFFAIRS
APPROPRIATION

DEPARTMENT OF HUMAN
SERVICES APPROPRIATION

CONVERSION GRANTS

SUPPLEMENTARY ASSISTANCE

REIMBURSEMENT METHODOLOGY

CASE-MIX REIMBURSEMENT

ACCOUNTABILITY MEASURES

INCREASED REIMBURSEMENT
RATES

- House File 740 appropriates a total of \$51.8 million from the Senior Living Trust Fund to the Department of Elder Affairs and the Department of Human Services (DHS). This is an increase of \$7.6 million compared to estimated net FY 2001 appropriations. The major changes include:
- Appropriates \$5.3 million from the Senior Living Trust Fund to the Department of Elder Affairs, an increase of \$1.1 million compared to estimated net FY 2001 appropriation. (Page 1, Line 1)
- Appropriates \$46.5 million from the Senior Living Trust Fund to the Department of Human Services, an increase of \$6.5 million compared to estimated net FY 2001. The appropriations are as follows: (Page 1, Line 23)
 - Appropriates \$20.0 million for nursing facility conversion grants for FY 2002, which is no change compared to the estimated net FY 2001 appropriation. (Page 1, Line 23)
 - Appropriates \$1.7 million to supplement the Medical Assistance appropriation through the Home and Community-Based Waiver and the State Supplementary Assistance Program, a decrease of \$507,000 compared to the estimated net FY 2001 appropriation. (Page 1, Line 34)
 - Appropriates \$24.8 million for nursing facility provider reimbursements or reimbursement methodology changes, an increase of \$7.0 million compared to the estimated net FY 2001 appropriation. (Page 2, Line 7)
- Requires the DHS to reimburse nursing facilities in accordance with a phased-in, price-based case-mix reimbursement system, specifies components of the system, and requires a three-year phase-in period. (Page 2, Line 18)
- Details the formula requirements to be used by the DHS in computing nursing facility reimbursement rates for FY 2002 through FY 2004 and thereafter. (Page 2, Line 26; Page 3, Line 2; Page 3, Line 11; Page 3, Line 14)
- Specifies that the DHS initiate and implement a system of accountability to measure nursing facility outcomes in the areas of quality of life and efficiency that will be used to increase nursing facility reimbursements based on favorable outcomes. (Page 6, Line 10)
- Specifies that increases in nursing facility reimbursement rates under the case-mix adjusted component be used for the provision of direct care, requires the DHS to compile analyses regarding factors that increase direct care costs, and requires the DHS to submit these analyses to the General Assembly. (Page 6, Line 28)

EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

HOUSE FILE 740 SENIOR LIVING TRUST FUND APPROPRIATIONS

ADMINISTRATIVE RULES

CONVERSION GRANTS

SIGNIFICANT CHANGES TO THE CODE OF IOWA

EFFECTIVE DATE AND RETROACTIVE APPLICABILITY

- Permits the DHS to adopt administrative rules to implement Section 3 of this Bill. (Page 9, Line 8)
- Specifies the award of nursing facility conversion grants on or after July 1, 2000, be used to convert all or a portion of a licensed nursing facility to a certified assisted living program. (Page 9, Line 21)
- Permits the DHS to provide conversion grants from the Senior Living Trust Fund appropriation to a licensed nursing facility that has been an approved provider under the medical assistance program for a two-year period prior to application for the grant. (Page 10, Line 2)
- Permits the DHS to provide conversion grants from the Senior Living Trust Fund appropriation to a long-term care provider or a licensed nursing facility that has been an approved provider under the medical assistance program for a two-year period prior to application for the grant or a provider that will meet applicable medical assistance provider requirements. (Page 10, Line 14)
- Changes the time periods a licensed nursing facility must be an approved provider under the medical assistance program in order to be eligible to receive a conversion grant. (Page 10, Line 2; Page 10, Line 14)
- Specifies that Section 4 of this Bill, relating to nursing facility conversion grants, is effective upon enactment and provides that the Section is retroactively applicable to July 1, 2000. (Page 10, Line 24)

House File 740

House File 740 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section	Description
2	14	2	Nwthstnds	8.33	Nonreversion of nursing facility provider reimbursement
9	8	3	Nwthstnds	17A.4(5) and 17A.8(9)	Administrative Rules
10	2	5	Amends	249H.6(1)(a)	Time period for eligibility
10	14	5	Amends	249H.6(1)(b)	Time period for eligibility

1 1 Section 1. DEPARTMENT OF ELDER AFFAIRS APPROPRIATION.
 1 2 There is appropriated from the senior living trust fund
 1 3 created in section 249H.4 to the department of elder affairs
 1 4 for the fiscal year beginning July 1, 2001, and ending June
 1 5 30, 2002, the following amount, or so much thereof as is
 1 6 necessary, to be used for the purpose designated:
 1 7 For the development of a comprehensive senior living
 1 8 program, including program administration and costs associated
 1 9 with implementation, salaries, support, maintenance, and
 1 10 miscellaneous purposes:
 1 11 \$ 5,285,426

Senior Living Trust Fund appropriation to the Department of Elder Affairs for the development of a comprehensive Senior Living Program.

DETAIL: This is an increase of \$1,097,303 compared to the estimated net FY 2001 appropriation.

1 12 Of the funds appropriated in this section, \$100,000 shall
 1 13 be used by the department to fund recruitment and retention
 1 14 strategies to provide additional training and support for
 1 15 certified nurse aides, employed by nursing facilities, as a
 1 16 means of reducing staff turnover. The department shall
 1 17 contract with an agency or organization whose primary purpose
 1 18 is the improvement of the nurse aide profession through the
 1 19 provision of continuing education, support and empowerment
 1 20 programs, and career opportunities within the field of nurse
 1 21 assisting, with the goal of the further stabilization of the
 1 22 nurse aide workforce and the reduction of nurse aide turnover.

Requires a maximum allocation of \$100,000 of the Department of Elder Affairs appropriation be used to fund recruitment and retention strategies, additional training, and support for certified nurse aides in an effort to reduce staff turnover in nursing facilities. Requires the Department of Elder Affairs to contract with an agency or organization whose primary mission is the improvement of the nurse aide profession for this purpose.

DETAIL: This is a new allocation for FY 2002.

1 23 Sec. 2. DEPARTMENT OF HUMAN SERVICES APPROPRIATION. There
 1 24 is appropriated from the senior living trust fund created in
 1 25 section 249H.4 to the department of human services for the
 1 26 fiscal year beginning July 1, 2001, and ending June 30, 2002,
 1 27 the following amounts, or so much thereof as is necessary, to
 1 28 be used for the purposes designated:
 1 29 1. To provide grants to nursing facilities for conversion
 1 30 to assisted living programs or to provide long-term care
 1 31 alternatives and to provide grants to long-term care providers

Senior Living Trust Fund appropriation to the Department of Human Services (DHS) for grants to nursing facilities to convert to assisted living programs or long-term care alternatives and for long-term care alternative grants.

DETAIL: This is no change compared to the estimated net FY 2001 appropriation.

1 32 for development of long-term care alternatives:

1 33 \$ 20,000,000

1 34 2. To supplement the medical assistance appropriation and
 1 35 to provide reimbursement for health care services and rent
 2 1 expenses to eligible persons through the home and community-
 2 2 based services waiver and the state supplementary assistance
 2 3 program, including program administration and data system
 2 4 costs associated with implementation, salaries, support,
 2 5 maintenance, and miscellaneous purposes:

2 6 \$ 1,733,406

Senior Living Trust Fund appropriation to the DHS to supplement the Medical Assistance appropriation for health care services and rent expenses through the Home and Community-Based Waiver and the State Supplementary Assistance Program.

DETAIL: This is a decrease of \$506,628 compared to the estimated net FY 2001 appropriation.

2 7 3. To implement nursing facility provider reimbursement
 2 8 based upon a case-mix reimbursement methodology:

2 9 \$ 24,750,000

Senior Living Trust Fund appropriation to the DHS to implement nursing facility provider reimbursement increases based on case-mix reimbursement methodology.

DETAIL: This is an increase of \$7,000,000 compared to the estimated FY 2001 appropriation.

2 10 a. In order to carry out the purposes of this subsection,
 2 11 the department shall transfer funds appropriated in this
 2 12 section to supplement other appropriations to the department
 2 13 of human services.

Requires the DHS to transfer the funds to supplement other related appropriations to carry out the purposes of this Subsection.

2 14 b. Notwithstanding section 8.33, moneys appropriated under
 2 15 this subsection that remain unencumbered or unobligated at the
 2 16 close of the fiscal year shall be retained in the senior
 2 17 living trust fund.

CODE: Requires that, notwithstanding Section 8.33, all unencumbered or unobligated moneys shall remain in the Senior Living Trust Fund and not revert to the General Fund at the end of FY 2002.

2 18 Sec. 3. MODIFIED PRICE-BASED CASE-MIX REIMBURSEMENT --
 2 19 NURSING FACILITIES.

2 20 1. Beginning July 1, 2001, the department of human
 2 21 services shall reimburse nursing facilities under the medical

Requires the DHS to reimburse nursing facilities in accordance with a phased-in, price-based case-mix reimbursement system.

2 22 assistance program in accordance with a phased-in, modified
2 23 price-based case-mix reimbursement system that includes a
2 24 case-mix adjusted component and a non-case-mix adjusted
2 25 component.

2 26 2. The modified price-based case-mix reimbursement rate
2 27 shall be phased in over a three-year period.

Requires the DHS to phase-in the price-based case-mix reimbursement rate over a three-year period.

2 28 a. For the fiscal year beginning July 1, 2001, and ending
2 29 June 30, 2002, 66.67 percent of a facility's reimbursement
2 30 rate shall be computed based on the current rate and 33.33
2 31 percent shall be computed based on the modified price-based
2 32 case-mix reimbursement rate. The current rate portion shall
2 33 be calculated from the cost reports submitted by nursing
2 34 facilities for the period ending on or before December 31,
2 35 2000, plus an inflation factor of 6.21 percent, with a maximum
3 1 current rate portion of \$94.00.

Requires the DHS to compute a facility's reimbursement rate for FY 2002 by computing 66.67% of the reimbursement based on the cost-based rate and 33.33% based on the price-based case-mix rate.

Requires the cost-based rate be calculated from cost reports submitted by nursing facilities on or before December 31, 2000, to include an inflation factor of 6.21%, with the maximum reimbursement rate of \$94.00 per day.

3 2 b. For the fiscal year beginning July 1, 2002, and ending
3 3 June 30, 2003, 33.33 percent of a facility's reimbursement
3 4 rate shall be computed based on the current rate and 66.67
3 5 percent shall be computed based on the modified price-based
3 6 case-mix reimbursement rate. The current rate portion shall
3 7 be calculated from the current rate for the previous state
3 8 fiscal year, plus an additional inflation factor based on
3 9 HCFA/SNF index, with an estimated maximum current rate portion
3 10 of \$97.47.

Requires the DHS to compute a facility's reimbursement rate for FY 2003 by computing 33.33% of the reimbursement based on the cost-based rate and 66.67% based on the price-based case-mix rate.

Requires the cost-based rate be calculated from the cost-based rate for FY 2002, to include an inflation factor based on the Health Care Financing Administration/Skilled Nursing Facility (HCFA/SNF) index, with an estimated maximum reimbursement rate of \$97.47.

3 11 c. For the fiscal year beginning July 1, 2003, and ending
3 12 June 30, 2004, and thereafter, 100 percent of a facility's
3 13 reimbursement rate shall be computed based on the modified
3 14 price-based case-mix reimbursement rate.

Requires the DHS to compute 100.00% of nursing facility reimbursement based on the price-based, case-mix reimbursement rate for FY 2004.

3 15 3. Modified price-based case-mix reimbursement rate

Specifies how the DHS shall calculate the price-based, case-mix

3 16 calculation. 3 17 a. The department of human services shall determine the 3 18 statewide median of nursing facility costs as follows: 3 19 (1) For the fiscal period beginning July 1, 2001, and 3 20 ending June 30, 2003, the department shall determine the 3 21 statewide median of nursing facility costs based upon each 3 22 facility's actual costs taken from the most recent cost 3 23 reports, submitted by the nursing facility for the period 3 24 ending on or before December 31, 2000, subject to certain 3 25 existing limitations and adjustments. These costs shall be 3 26 inflated forward to July 1, 2001, by using the midpoint of 3 27 each cost report and applying the HCFA/SNF index. 3 28 (2) Beginning July 1, 2003, and every other fiscal year 3 29 thereafter beginning on July 1 of the respective state fiscal 3 30 year, the department shall recalculate the statewide median of 3 31 nursing facility costs based upon the most recent cost reports 3 32 submitted by the nursing facility for the period ending on or 3 33 before December 31 of the previous calendar year and shall 3 34 inflate these costs forward to the beginning of the state 3 35 fiscal year by using the midpoint of each cost report and 4 1 applying the HCFA/SNF index. 4 2 b. Beginning July 1, 2003, and thereafter, an occupancy 4 3 factor of 85 percent shall be applied when calculating the 4 4 nondirect care cost component of the modified price-based 4 5 case-mix reimbursement rate. The occupancy factor shall not 4 6 apply to support care costs. 4 7 c. The modified price-based case-mix reimbursement rate 4 8 paid to nursing facilities shall be calculated using the 4 9 statewide median cost as adjusted to reflect the case mix of 4 10 the medical assistance residents in the nursing facility. 4 11 d. (1) The department of human services shall use the 4 12 resource utilization groups-III (RUG-III), version 5.12b, 34 4 13 group, index maximizer model as the resident classification 4 14 system to determine a nursing facility's case-mix index, based 4 15 on data from the minimum data set (MDS) submitted by each 4 16 facility. Standard version 5.12b, 34 group case-mix indices, 4 17 developed by HCFA, shall be the basis for calculating the	reimbursement rate for FY 2002 - FY 2004 and each year thereafter.
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4 18 average case-mix index and shall be used to adjust the direct-
4 19 care component in the determination of the rate ceiling and
4 20 the modified price-based case-mix reimbursement rate.
4 21 (2) The department of human services shall determine and
4 22 adjust each facility's case-mix index on a quarterly basis. A
4 23 separate calculation shall be made to determine the average
4 24 case-mix index for a facilitywide case-mix index, and a case-
4 25 mix index for the medical assistance residents of the nursing
4 26 facility using the minimum data set (MDS) report submitted by
4 27 the facility for the previous quarter, which reflects the
4 28 residents in the facility on the last day of the previous
4 29 calendar quarter.

4 30 e. The department shall calculate the rate ceiling for the
4 31 direct-care cost component at 120 percent of the median of
4 32 case-mix adjusted costs. Nursing facilities with case-mix
4 33 adjusted costs at 95 percent of the median or greater, shall
4 34 receive an amount equal to their costs not to exceed 120
4 35 percent of the median. Nursing facilities with case-mix
5 1 adjusted costs below 95 percent of the median shall receive an
5 2 excess payment allowance by having their payment rate for the
5 3 direct-care cost component calculated as their case-mix
5 4 adjusted cost plus 100 percent of the difference between 95
5 5 percent of the median and their case-mix adjusted cost, not to
5 6 exceed 10 percent of their case-mix adjusted costs.

5 7 f. The department shall calculate the rate ceiling for the
5 8 nondirect care cost component at 110 percent of the median of
5 9 non-case-mix adjusted costs. Nursing facilities with non-
5 10 case-mix adjusted costs at 96 percent of the median or greater
5 11 shall receive an amount equal to their costs not to exceed 110
5 12 percent of the median. Nursing facilities with non-case-mix
5 13 adjusted costs below 96 percent of the median shall receive an
5 14 excess payment allowance that is their costs plus 65 percent
5 15 of the difference between 96 percent of the median and their
5 16 non-case-mix adjusted costs, not to exceed 8 percent of their
5 17 non-case-mix adjusted costs.

5 18 g. The department shall apply the geographic wage index
5 19 adjustment annually to the case-mix adjusted component of the

5 20 modified price-based case-mix reimbursement rate for nursing
5 21 facilities located in standard metropolitan statistical area
5 22 counties in Iowa identified by HCFA. This rate shall be
5 23 calculated using the case-mix adjusted costs of the nursing
5 24 facility, not to exceed \$8 per patient day. A nursing
5 25 facility may request an exception to application of the
5 26 geographic wage index based upon a reasonable demonstration of
5 27 wages, location, or total cost. A request for an exception
5 28 shall be submitted to the department of human services within
5 29 30 days of receipt of notification by the nursing facility of
5 30 the new reimbursement rate. The exception request shall
5 31 include an explanation of the circumstances and supporting
5 32 data.

5 33 h. For the purpose of determining the median applicable to
5 34 Medicare-certified hospital-based skilled nursing facilities,
5 35 the department shall treat such facilities as a separate peer
6 1 group.

6 2 i. The modified price-based case-mix reimbursement rate
6 3 for state-operated nursing facilities and special population
6 4 nursing facilities shall be the average allowable per diem
6 5 costs, adjusted for inflation, based on the most current
6 6 financial and statistical report. Special population nursing
6 7 facilities enrolled on or after June 1, 1993, shall have a
6 8 rate ceiling equal to the rate ceiling for Medicare-certified
6 9 hospital-based nursing facilities.

6 10 4. ACCOUNTABILITY MEASURES.

6 11 a. It is the intent of the general assembly that the
6 12 department of human services initiate a system to measure a
6 13 variety of elements to determine a nursing facility's capacity
6 14 to provide quality of life and appropriate access to medical
6 15 assistance program beneficiaries in a cost-effective manner.
6 16 Beginning July 1, 2001, the department shall implement a
6 17 process to collect data for these measurements and shall

Specifies it is the intent of the General Assembly that the DHS initiate a system of accountability measures regarding quality of life and nursing facility efficiency, and that permit access to medical assistance program beneficiaries. Requires the DHS to implement a process to collect data regarding accountability measures and to develop procedures to increase nursing facility reimbursement not more than 3.00% as a result of favorable outcomes based on these measurements.

6 18 develop procedures to increase nursing facility reimbursements
6 19 based upon a nursing facility's achievement of multiple
6 20 favorable outcomes as determined by these measurements. Any
6 21 increased reimbursement shall not exceed 3 percent of the
6 22 calculation of the modified price-based case-mix reimbursement
6 23 rate. The increased reimbursement shall be included in the
6 24 calculation of nursing facility modified price-based payment
6 25 rates beginning July 1, 2002, with the exception of Medicare-
6 26 certified hospital-based nursing facilities, state-operated
6 27 nursing facilities, and special population nursing facilities.

6 28 b. It is the intent of the general assembly that increases
6 29 in payments to nursing facilities under the case-mix adjusted
6 30 component shall be used for the provision of direct care. The
6 31 department shall compile and provide a detailed analysis to
6 32 demonstrate growth of direct care costs, increased acuity, and
6 33 care needs of residents. The department shall also provide
6 34 analysis of cost reports submitted by providers and the
6 35 resulting desk review and field audit adjustments to
7 1 reclassify and amend provider cost and statistical data. The
7 2 results of these analyses shall be submitted to the general
7 3 assembly for evaluation to determine payment levels following
7 4 the transition funding period.

7 5 5. As used in this section:

7 6 a. "Case-mix" means a measure of the intensity of care and
7 7 services used by similar residents in a facility.

7 8 b. "Case-mix adjusted costs" means specified costs
7 9 adjusted for acuity by the case-mix index. Costs subject to
7 10 adjustment are the salaries and benefits of registered nurses,
7 11 licensed practical nurses, certified nursing assistants,
7 12 rehabilitation nurses, and contracted nursing services.

7 13 c. "Case-mix index" means a numeric score within a
7 14 specific range that identifies the relative resources used by
7 15 similar residents and represents the average resource

Specifies it is the intent of the General Assembly that increases in nursing facility reimbursement rates under the case-mix adjusted component be used for the provision of direct care. Requires the DHS to compile information regarding the growth of direct care costs, increased acuity, resident care needs, and provider cost reports. Requires the DHS to provide the results of these analyses to the General Assembly.

Provides definitions for the following terms contained in the Bill:

1. Case-mix
2. Case-mix adjusted costs
3. Case-mix index
4. Excess payment allowance
5. Excess payment ceiling or Profit Ceiling
6. Facilitywide average case-mix index
7. Geographic wage index
8. HCFA
9. HCFA/SNF index
10. Median

7 16 consumption across a population or sample.
 7 17 d. "Excess payment allowance" means an amount stated as a
 7 18 percentage that is calculated as a percent of the difference
 7 19 between the excess payment ceiling and a nursing facility's
 7 20 costs.
 7 21 e. "Excess payment ceiling" or "profit ceiling" means an
 7 22 amount stated in terms of per patient day that is calculated
 7 23 as a percent of the median.
 7 24 f. "Facilitywide average case-mix index" is a simple
 7 25 average, carried to four decimal places, of all resident case-
 7 26 mix indices based on the last day of each calendar quarter.
 7 27 g. "Geographic wage index" means an annual calculation of
 7 28 the average difference between the hospital-based rural wage
 7 29 index for Iowa and Iowa hospital-based standard metropolitan
 7 30 statistical area wage indices as published by HCFA each July.
 7 31 The wage factor shall be revised when the skilled nursing
 7 32 facility wage indices are released by HCFA.
 7 33 h. "HCFA" means the health care financing administration
 7 34 of the United States department of health and human services.
 7 35 i. "HCFA/SNF index" means the HCFA total skilled nursing
 8 1 facility market basket index published by data resources, inc.
 8 2 The HCFA/SNF index listed in the latest available quarterly
 8 3 publication prior to the July 1 rate setting shall be used to
 8 4 determine the inflation factor which shall be applied based
 8 5 upon the midpoint of the cost report period.
 8 6 j. "Median" means the median cost calculated by using a
 8 7 weighting method based upon total patient days of each nursing
 8 8 facility.
 8 9 k. "Medicaid" or "medical assistance" means medical
 8 10 assistance as defined in section 249A.2.
 8 11 l. "Medicaid average case-mix index" means the simple
 8 12 average, carried to four decimal places, of all resident case-
 8 13 mix indices where Medicaid is known to be the per diem payor
 8 14 source on the last day of the calendar quarter.
 8 15 m. "Medicare" means the federal Medicare program
 8 16 established by Title XVIII of the federal Social Security Act.
 8 17 n. "Minimum data set" or "MDS" means the federally

11. Medicaid or Medical Assistance
 12. Medicaid average case-mix index
 13. Medicare
 14. Minimum data set or MDS
 15. Non-case mix adjusted costs
 16. Nursing facility
 17. Rate ceiling or Upper Payment Limit
 18. Special population nursing facility

8 18 required resident assessment tool. Information from the MDS
8 19 is used by the department to determine the facility's case-mix
8 20 index.
8 21 o. "Non-case-mix adjusted costs" means an amount stated in
8 22 terms of per patient day that is calculated using allowable
8 23 costs from the cost reports of facilities, divided by the
8 24 allowable patient days for the cost report period, and
8 25 beginning July 1, 2003, patient days as modified pursuant to
8 26 subsection 3, paragraph "b". Non-case-mix adjusted costs
8 27 include all allowable costs less case-mix adjusted costs.
8 28 p. "Nursing facility" means a skilled nursing facility
8 29 certified under both the federal Medicaid program and the
8 30 federal Medicare program, and a nursing facility certified
8 31 under the federal Medicaid program.
8 32 q. "Rate ceiling" or "upper payment limit" means a maximum
8 33 rate amount stated in terms of per patient day that is
8 34 calculated as a percent of the median.
8 35 r. "Special population nursing facility" means a skilled
9 1 nursing facility the resident population of which is either of
9 2 the following:
9 3 (1) One hundred percent of the residents of the nursing
9 4 facility is under the age of 22 and require the skilled level
9 5 of care.
9 6 (2) Seventy percent of the residents served requires the
9 7 skilled level of care for neurological disorders.

9 8 6. The department of human services may adopt rules under
9 9 section 17A.4, subsection 2, and section 17A.5, subsection 2,
9 10 paragraph "b", to implement this section. The rules shall
9 11 become effective immediately upon filing, unless the effective
9 12 date is delayed by the administrative rules review committee,
9 13 notwithstanding section 17A.4, subsection 5, and section
9 14 17A.8, subsection 9, or a later effective date is specified in
9 15 the rules. Any rules adopted in accordance with this section
9 16 shall not take effect before the rules are reviewed by the

Permits the DHS to adopt administrative rules to implement Section 3 of this Bill. The rules are effective upon filing or on a later date specified in the rules. Publication of intended action is required.

CODE: Requires that, notwithstanding Section 17A.4(5) and Section 17A.8(9), the administrative rules shall become effective immediately upon filing unless the Administrative Rules Committee delays the effective date, or a later date is specified in the rules.

9 17 administrative rules review committee. Any rules adopted in
9 18 accordance with the provisions of this section shall also be
9 19 published as notice of intended action as provided in section
9 20 17A.4.

9 21 Sec. 4. NURSING FACILITY CONVERSION GRANTS. The nursing
9 22 facility conversion grants awarded on or after July 1, 2000,
9 23 may be used to convert all or a portion of the licensed
9 24 nursing facility to a certified assisted-living program. The
9 25 conversion program shall provide a service delivery package
9 26 that is affordable for those individuals eligible for services
9 27 under the medical assistance home and community-based services
9 28 waiver program applicable to a minimum of 40 percent of the
9 29 units. The reimbursement rates for the costs paid under the
9 30 medical assistance program apply only to those clients
9 31 participating in the medical assistance program. The
9 32 department of human services shall adjust the criteria for
9 33 eligibility for conversion grants to allow a licensed nursing
9 34 facility that has been an approved provider under the medical
9 35 assistance program for a two-year period to apply for a
10 1 conversion grant beginning July 1, 2001.

Permits the award of nursing facility conversion grants on or after July 1, 2000, be used to convert all or a portion of a licensed nursing facility to a certified assisted living program. Provides conversion program criteria for service affordability, reimbursement rate costs, and eligibility. Requires the DHS to adjust criteria for eligibility for conversion grants.

10 2 Sec. 5. Section 249H.6, subsection 1, paragraphs a and b,
10 3 Code 2001, are amended to read as follows:
10 4 a. A licensed nursing facility that has been an approved
10 5 provider under the medical assistance program for the ~~three-~~
10 6 ~~year~~ two-year period prior to application for the grant. The
10 7 grant awarded may be used to convert all or a portion of the
10 8 licensed nursing facility to a certified assisted-living
10 9 program and may be used for capital or one-time expenditures,
10 10 including but not limited to start-up expenses, training
10 11 expenses, and operating losses for the first year of operation
10 12 following conversion associated with the nursing facility
10 13 conversion.

CODE: Specifies a change in the number of years, from three years to two years, a facility must have been an approved provider under the Medical Assistance Program in order to apply for a conversion grant.

10 14 b. A long-term care provider or a licensed nursing
10 15 facility that has been an approved provider under the medical
10 16 assistance program for the ~~three-year~~ two-year period prior to
10 17 application for the grant or a provider that will meet
10 18 applicable medical assistance provider requirements as
10 19 specified in subsection 2, paragraph "c" or "d". The grant
10 20 awarded may be used for capital or one-time expenditures,
10 21 including but not limited to start-up expenses, training
10 22 expenses, and operating losses for the first year of operation
10 23 for long-term care service development.

CODE: Specifies a change in the number of years, from three years to two years, a long-term care provider or licensed nursing facility must have been an approved provider under the Medical Assistance Program in order to apply for a conversion grant.

10 24 Sec. 6. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. The
10 25 provision of the section of this Act relating to nursing
10 26 facility conversion grants awarded on or after July 1, 2000,
10 27 being deemed of immediate importance, takes effect upon
10 28 enactment and is retroactively applicable to July 1, 2000.

Specifies that Section 4 of this Bill, relating to nursing facility conversion grants, is effective upon enactment and is retroactively applicable to July 1, 2000.

10 29 EXPLANATION

10 30 This bill makes appropriations from the senior living trust
10 31 fund to the department of elder affairs and department of
10 32 human services. The appropriation to the department of human
10 33 services includes funding for grants to provide assisted
10 34 living or long-term care alternatives; for supplementation of
10 35 the medical assistance appropriation and to provide funding
11 1 for reimbursement of health care services and rent expenses
11 2 provided to persons through the home and community-based
11 3 services waiver and the state supplementary assistance
11 4 program; and funding for reimbursement of nursing facility
11 5 providers under a case-mix reimbursement methodology.
11 6 The bill establishes the modified price-based case-mix
11 7 reimbursement formula to be used. The bill also amends
11 8 current Code language to allow nursing facilities that have
11 9 been approved providers under the medical assistance program
11 10 for a two-year period, rather than the current three-year
11 11 period, to apply for nursing facility conversion grants under

11 12 the senior living program.
11 13 The bill provides that the provision of the bill relating
11 14 to nursing facility conversion grants awarded on or after July
11 15 1, 2000, takes effect upon enactment and is retroactively
11 16 applicable to July 1, 2000.
11 17 LSB 3664HV 79
11 18 pf/gg/8

Summary Data

Non General Fund

H.F. 740	Actual FY 1999	Actual FY 2000	Estimated Net FY 2001	House Approp FY 2002	House Approp vs Est FY 2001	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
Health and Human Rights	\$ 0	\$ 0	\$ 4,188,123	\$ 5,285,426	\$ 1,097,303	
Human Services	\$ 0	\$ 0	\$ 39,990,034	\$ 46,483,406	\$ 6,493,372	
Grand Total	\$ 0	\$ 0	\$ 44,178,157	\$ 51,768,832	\$ 7,590,675	

Health and Human Rights

Non General Fund

H.F. 740	Actual FY 1999	Actual FY 2000	Estimated Net FY 2001	House Approp FY 2002	House Approp vs Est FY 2001	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Elder Affairs, Department of</u>						
Aging Programs-SLTF			\$ 4,188,123	\$ 5,285,426	\$ 1,097,303	PG 1 LN 1
Grand Total	\$ 0	\$ 0	\$ 4,188,123	\$ 5,285,426	\$ 1,097,303	

Human Services

Non General Fund

H.F. 740	Actual FY 1999	Actual FY 2000	Estimated Net FY 2001	House Approp FY 2002	House Approp vs Est FY 2001	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
Human Services, Department of						
LTC Provider Rate Changes-SLTF		\$ 0	\$ 17,750,000	\$ 24,750,000	\$ 7,000,000	PG 2 LN 7
Nurse Facility Conv. Grnts-SLT	0	0	20,000,000	20,000,000	0	PG 1 LN 23
LTC Alterntive Services-SLTF		0	2,240,034	1,733,406	-506,628	PG 1 LN 34
Total Human Services	\$ 0	\$ 0	\$ 39,990,034	\$ 46,483,406	\$ 6,493,372	